Nonmetro Population Growth Rate Recedes in a Time of Unprecedented National Prosperity

Despite very favorable national trends in income and employment, the nonmetro population growth rate has steadily dropped since it momentarily exceeded the metro level in 1994-95. By 1998-99, the rate of population growth in nonmetro areas was less than half of that elsewhere, as the net inflow of newcomers from metro places dwindled.

Last year's review of nonmetro population trends (*RCaT*, Vol. 9, No. 2), was titled "Nonmetro Population Rebound: Still Real but Diminishing." The trend since then might well be called "Still Real, but Diminishing Further." Two post-1990 trends are equally important to note: (1) nonmetro America as a whole had some net inmovement of people from metro areas throughout the decade in contrast with the 1980's, but (2) the amount of such gain in the second half of the decade was much reduced from its peak in 1994-95, with a number of nonmetro counties reverting to outmigration and population loss.

All told, the nonmetro population grew by 3.9 million, or 7.6 percent, from April 1990 to July 1999, compared with an increase of just 1.3 million, or 2.7 percent, during the entire 1980's. From the decade's point of view, a rebound in growth clearly occurred. All of the upward change in trend is the product of migration, for the annual rate of natural increase—the margin of births over deaths—slumped by a third in nonmetro counties during the 1990's. Net migration, however, shifted from an average annual outmovement of 269,000 in the 1980's to an average inmovement of 242,000 in the 1990's.

The demographic rebound affected most rural and small town sections of the country and almost every type of county. In some counties, it took the form of dramatic reversals from earlier loss to substantial gain; in others, it simply occurred as a reduced degree of loss. Its causes are not fully understood in every instance, but several factors are evident.

- The first half of the 1990's saw an improved nonmetro economic picture compared with that in metro places, as measured by both employment growth and unemployment levels.
- Further sprawl of population out from metro centers to adjacent nonmetro counties is visible on the ground and also reflected in the statistics, in a process of incipient suburbanization.
- Numerous more distant areas reported growth from the arrival of people moving to smaller-scale places for noneconomic, quality-of-life reasons. Some of these newcomers are conventionally retired, but more seem to be of working-age with families or are people who have retired early from a career but are still economically active.
- The growth of recreation activity and second homes has also played a role, along with the rejection of large-scale urban life, which for many resulted in "urban flight."

The rebound of the 1990's was less pronounced than that of the 1970's. Metro areas continued to have a somewhat higher rate of population increase than did nonmetro counties, with the exception of 1994-95. The higher metro rate of natural increase and disproportionate receipt of foreign immigrants produced the faster growth despite some net outmovement to nonmetro counties each year.

Nonmetro Growth Turned Downward After 1995

But, as noted earlier, the pace of rural and small-town rebound lessened steadily after its peak from July 1994 to July 1995 (fig.1). During that time, the nonmetro population grew by 1.0 percent. In steady annual dropoffs thereafter, it fell to 0.5 percent in 1998-99. Metro growth in the same time frame rose somewhat from 0.9 percent to 1.0 percent. The nonmetro downturn corresponded with a drop in nonmetro employment growth and a boom in the metro economy.

All types of nonmetro counties were affected by the reduction in population growth except for commuter counties—that is, those in which 40 percent or more of resident workers commuted to another county for work in 1990. Counties dependent on the two traditional

Table 1

Regional population change, 1990-99

The South had the largest regional nonmetro population gain; the West had the highest rate of change

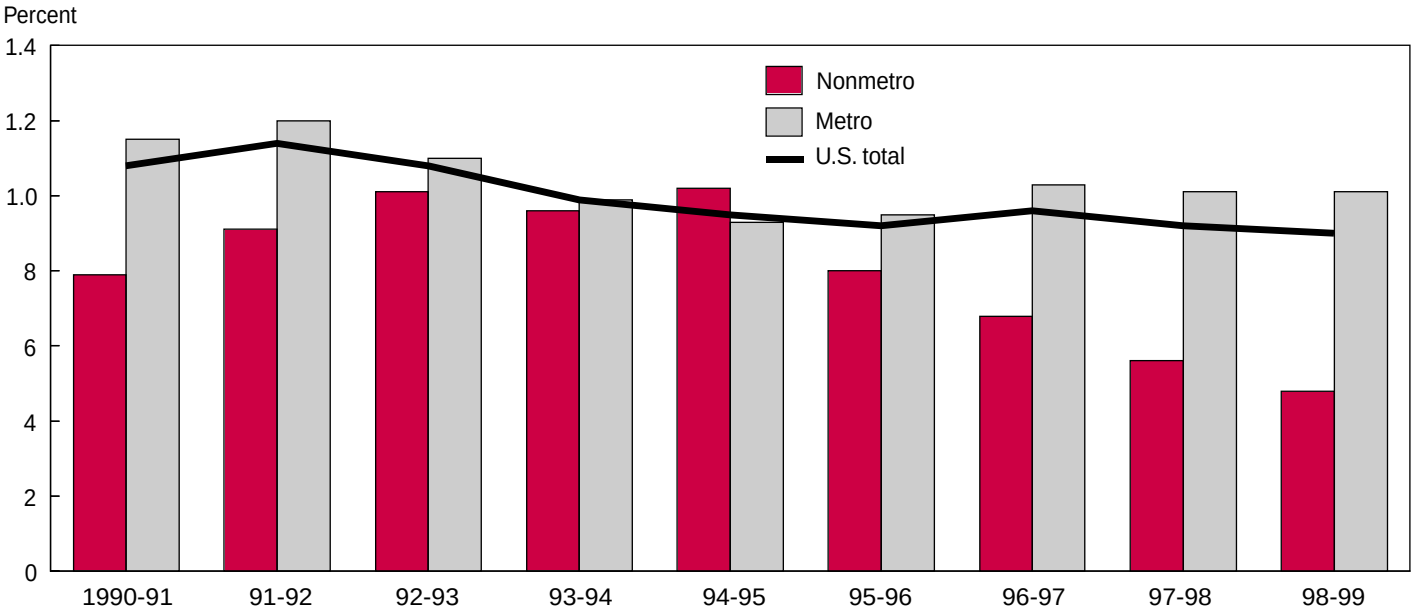
Region	Population			Population change		Net migration		Net migration rate	
	1990	1995	1999	1990-95	1995-99	1990-95	1995-99	1990-95	1995-99
	Thousands			Percent		Thousands		Percent	
United States	248,791	262,803	272,691	5.6	3.8	4,441	3,573	1.8	1.4
Nonmetro	50,906	53,419	54,780	4.9	2.5	1,480	758	2.9	1.4
Metro	197,885	209,385	217,911	5.8	4.1	2,961	2,815	1.5	1.3
Northeast	50,828	51,444	51,830	1.2	.8	-827	-452	-1.6	-.9
Nonmetro	5,267	5,377	5,399	2.1	.4	23	-5	.4	-.1
Metro	45,561	46,067	46,431	1.1	.8	-850	-447	-1.9	-1.0
Midwest	59,669	61,992	63,242	3.9	2.0	408	25	.7	0
Nonmetro	15,978	16,450	16,654	3.0	1.2	247	84	1.5	.5
Metro	43,691	45,542	46,588	4.2	2.3	162	-59	.4	-.1
South	85,456	91,778	96,468	7.4	5.1	3,220	2,521	3.8	2.7
Nonmetro	22,362	23,441	24,178	4.8	3.1	653	474	2.9	2.0
Metro	63,094	68,336	72,291	8.3	5.8	2,567	2,046	4.1	3.0
West	52,837	57,590	61,150	9.0	6.2	1,639	1,480	3.1	2.6
Nonmetro	7,299	8,150	8,549	11.7	4.9	557	205	7.6	2.5
Metro	45,539	49,440	52,601	8.6	6.4	1,082	1,275	2.4	2.6

Note: See appendix for definitions of regions.
Source: Calculated by ERS using data from the Bureau of the Census.

Figure 1

Annual population growth rates for metro counties, nonmetro counties, and the Nation, 1990-99

The pace of nonmetro population growth in 1998-99 continues the slowdown that began after 1994-95



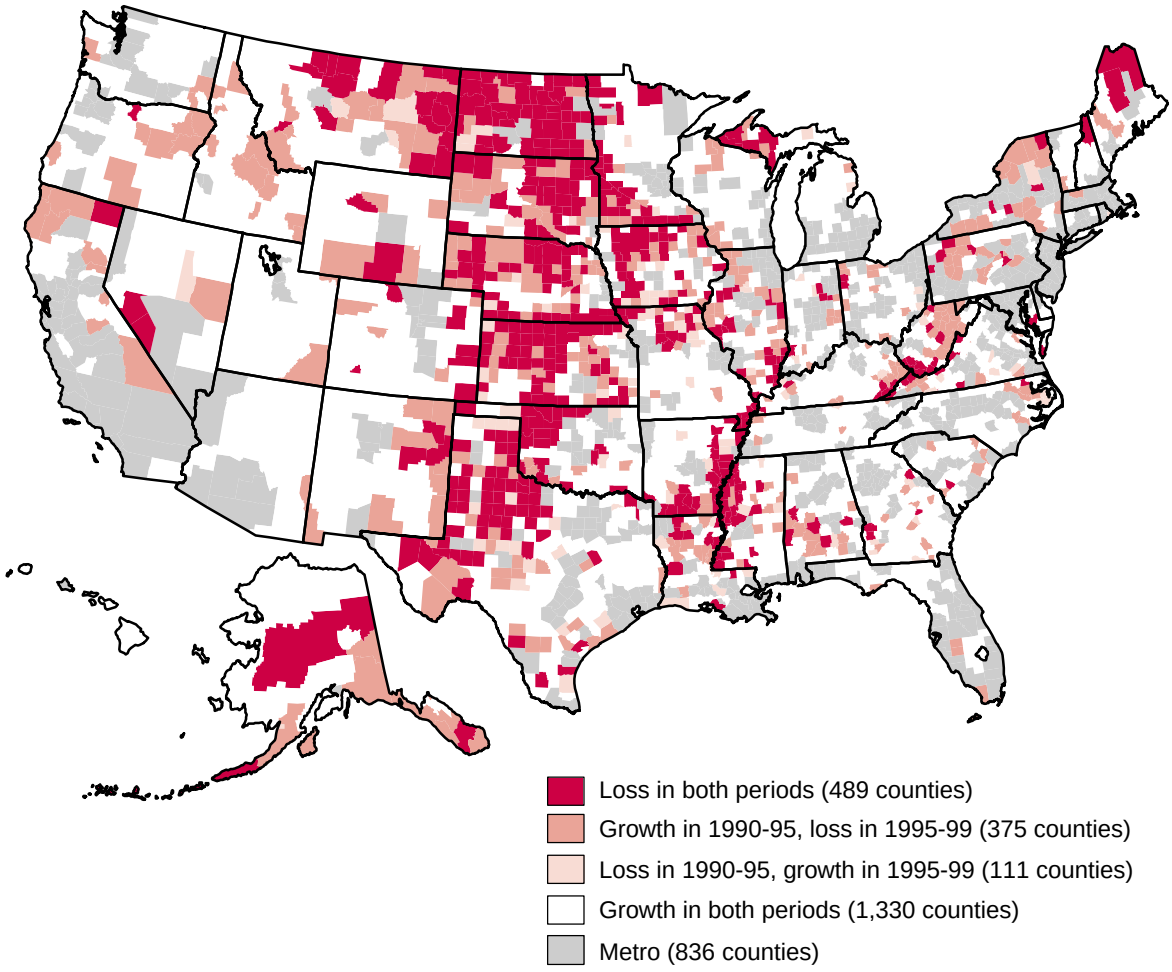
Source: Calculated by ERS, using data from the Bureau of the Census.

rural industries of mining and farming had the greatest relative fall off in their pace of growth. (Note that the decline in farming counties predates the crisis period of oversupply, low commodity prices, and regional weather disasters that has prevailed since July 1999, the date of our last population estimates). The number of nonmetro counties with decreasing population rose from 600 in 1990-95 to 855 in 1995-99.

A curious feature of the 1995-99 period was that the diminishing pace of growth was also heavy in counties with high dependence on recreational activity. This occurred despite the unprecedented nonfarm prosperity and high discretionary spending power of the period and the attraction of recreation districts for people having the means and desire to relocate away from metro areas. Recreation counties still had an above average rate of population increase during 1995-99, with net inmigration, but had a one-third reduction in annual growth rate, compared with 1990-95.

A map of growth trends reveals that 375 counties went from population gain to loss between 1990-95 and 1995-99 (fig. 2). Few regions were immune to such reversals. They were common, for example, in the Appalachian coal fields and in many counties of the Corn Belt and the Great Plains—areas still experiencing job losses in mining and farming. But, there were also areas of decline in western States, such as California, Idaho,

Figure 2
Patterns in nonmetro population change, 1990-95 versus 1995-99
Some 375 widely distributed nonmetro counties reverted from growth to decline in 1995-99



Source: Prepared by Economic Research Service, USDA, using data from the Bureau of the Census.

Montana, and Oregon, whose early 1990's nonmetro growth had been the source of popular attention. Florida is represented as well. Beyond the association of the recent period of diminishing nonmetro population growth with reduced nonmetro employment growth and improved metro conditions, a more complete explanation of the onset of the recent trend of reduced growth or new loss has not been deduced.

During the same 1995-99 period, 111 other counties had the opposite trend—a growing population after loss in the first half of the decade. These, too, are rather scattered, but with some frequency in the southern Corn Belt and central Texas. Individual events caused some of these recoveries, such as the opening of a prison after 1995, or recovery from an earlier military base closing. The limitations of making population estimates for very small counties may produce the results in some other counties, but the predominant picture of an overall sizable increase in the number of declining areas after 1995 seems reliable.

Nonmetro Counties Have Low Entry of Persons into Age Group 65 Years and Over

The number of nonmetro counties with declining numbers of people 65 years of age or older continued to rise in 1998-99. Except as affected by immigration over the years, the population reaching age 65 was at its modern low in 1998, stemming from the low number of births in the early 1930's, the worst period of the Great Depression. Only 2.3 million births occurred in 1933, the lowest number in the entire 20th century. (In contrast, there were 3 million in 1921, the earlier high, and over 4 million in each baby-boom year from 1954 to 1964). The effect of the small birth cohorts of the early 1930's, coupled with extensive outmigration of many of their members from farming areas as young adults in the 1950's or as older adults more recently, contributed to over half (1,190) of all nonmetro counties having a decline in older population in 1998-99. Some 259 have seen the older population fall by 10 percent or more since 1990, a trend that is rare in metro counties. The popular impression that nonmetro counties have a higher than average proportion of older people is correct, but the absolute numbers of nonmetro elderly are now as likely to be falling as rising.

Low-Wage Counties Have Mixed Population Trends

Population growth in low wage counties was modestly lower from 1990 to 1999 than in other nonmetro counties (6.8 percent vs. 7.7 percent). This stemmed from the very low natural increase of the low-wage group (just 1.7 percent compared with 3.4 percent in other counties). The low-wage counties actually had somewhat higher net inmigration than all other counties (5.1 percent vs. 4.3 percent). Thus, prevalence of low-wage work has not been a prohibitive deterrent in itself to inmovement.

Low-wage counties proved to have less than 9 percent of the total nonmetro population, although by definition they accounted for 20 percent of all nonmetro counties. This relative sparsity of people is largely determined by the fact that nearly half of the low-wage counties are farming-dependent areas, many of which are thinly settled (see "Low-Wage Counties Face Locational Disadvantages," p. 18). Two-fifths of all farm-dependent counties are low wage areas, and had a distinctly lower rate of 1990's population growth (just 1.3 percent) than did the medium and higher wage majority (5.7 percent).

Because the low-wage farm counties are so very thinly settled (averaging just a little over 6,000 people each), they lack urbanization and the greater variety of work and frequency of well-paid jobs that urban settlement brings. Over three-fifths of these counties declined in population in the 1990's, often after decades of earlier decline as labor requirements in agriculture fell and offsetting sources of new nonfarm work failed to develop.

Excluding the farming-dependent areas, low-wage counties as a group exhibited a higher rate of population growth during the 1990's (8.6 percent) than did other nonmetro counties (7.3 percent), despite their low-wage status (derived from appendix table 1). All of the higher margin of growth is from net inmovement of people. Some of the growth occurs in low-wage counties that are adjacent to metro areas. In such cases, local low wages are no deterrent to people moving in who can commute to better metro work. Government-

dependent counties and transfer-payment counties are other types where the low wage counties have the higher growth.

The government-dependent counties have various functions. Some are college counties, some have military bases, prisons, or international border crossings, and many have national forests and parks. The difference in population change between the low-wage and other government counties can be accounted for by the high growth of several low-wage Mexican border counties and the negligible growth or outright decline of 10 average- to high-wage counties that had military base cutbacks or closings.

The largest types of transfer income by far are Social Security and other retirement payments. Counties with at least 25 percent of their personal income derived from transfer payments were classified as transfer-dependent. A number of these counties are comparatively poor, with some very poor. But if low wages are associated with relatively low costs of living, the transfer income goes further than it might elsewhere, and high dependence on such income has not precluded population inmovement. Many of the counties that rely heavily on this income are in the North Woods country of the Upper Great Lakes and the Ozark and Ouachita Mountains areas of the South, which are attractive to retirees.

Although low wages in rural and small town areas have for years been thought of partly in connection with transfer of routinized manufacturing operations from cities to nonmetro places, only 26 nonmetro manufacturing counties proved to be in the lowest wage quintile, or just 5 percent of the manufacturing group. With one exception, they were scattered around the South. They had a fast 10.6-percent population growth from 1990 to 1999, but were too few to have much influence on the overall change of the critical manufacturing group that contains 31 percent of the entire nonmetro population.

An interesting feature of nonmetro population change in low wage counties relates to diminishing nonmetro growth during 1995-99. Although a net of 264 more nonmetro counties slipped into decline in 1995-99 than there were in 1990-95, only 10 percent of them were low-wage counties. Population loss was still more common in the low-wage areas than elsewhere (47 percent incidence vs. 35 percent). But, their susceptibility to decline was only moderately greater during the downturn years after 1995 than before then. The middle- and high-wage counties that depended on manufacturing, government, or trade and services work were the most likely to have shifts in their economy or attraction to migrants that led to decline in the last half of the decade.

Conclusion

It would be idle to think that low wages have no meaningful effect on the propensity of people to move to other places where work is better rewarded or where rewarding work is more available. But overall population change in nonmetro low-wage areas appears not to be fully determined by a conventional migration response to the economic problems of agriculture or other businesses. It is also clearly shaped in part by changes introduced by worker commuting and by the influx of people motivated by nonpecuniary concerns rather than by a desire to maximize income.

The overall trend of nonmetro population in the near future is conjectural at this point. Agriculture continues to undergo consolidation and productivity gains that lead to fewer workers and population loss in farming-dependent areas. The downward drift in nonmetro growth rate since 1995 cannot continue much longer without entailing an end to net inmovement from metro areas. The ever-widening perimeter of metro America, however, steadily brings more rural and small town areas into the outskirts of urban labor markets, changing their demographic future. And before the end of the new decade, the first cohorts of the post-World War II baby boom will reach early retirement age, with a probable significant impact on many rural communities. *[Calvin L. Beale, 202-694-5416, cbeale@ers.usda.gov]*